



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Federal Cash Management Improvement
Act Program
Department of Treasury

Report Number:
27-605-02

Released:
September 2002

The federal Cash Management Improvement Act (CMIA) of 1990, as amended, is designed to ensure fairness between the federal government and the states with regard to the use of federal and state funds for federally mandated programs. The U.S. and Michigan Departments of Treasury have entered into an agreement to fulfill the requirements of the CMIA. The agreement primarily describes the methods to be used to request federal funds and requires the payment of interest by either party if funds are not received on a timely basis.

Audit Objectives:

1. To assess the effectiveness of the Department's efforts as the State coordinator for the CMIA agreement and in ensuring that all applicable federal programs were included in the agreement.
2. To assess the effectiveness of the Department's procedures related to developing check clearance patterns, performing interest calculations, and submitting an annual report to the U.S. Department of Treasury.

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Audit Conclusions:

1. We concluded that the Department was effective as the State coordinator for the CMIA agreement and in ensuring that all applicable federal programs were included in the agreement.
2. We concluded that the Department's procedures related to developing check clearance patterns, performing interest calculations, and submitting an annual report to the U.S. Department of Treasury were effective.

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Noteworthy Accomplishments:

The Department recovered \$1.5 million of interest from the U.S. Department of Treasury that would have been earned by the State if more timely reimbursement of the federal share of program expenditures

had occurred. This resulted from the Department pursuing an audit recommendation in our prior audit report of the Federal Cash Management Improvement Act Program issued in November 2001.

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A copy of the full report can be
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